

Assembly Concurrent Resolution

No. 48

Introduced by Assembly Member Battin

(Principal coauthor: Assembly Member Oller)

(Coauthors: Assembly Members Alquist, Baldwin, Baugh, Brewer, Briggs, Cardoza, Dickerson, Florez, Granlund, House, Kaloogian, Leach, Maddox, Maldonado, McClintock, Olberg, Robert Pacheco, Rod Pacheco, Pescetti, Reyes, Runner, Strickland, and Zettel)

(Coauthors: Senators Johannessen and Monteith)

April 20, 1999

Assembly Concurrent Resolution No. 48—Relative to gasoline prices.

LEGISLATIVE COUNSEL'S DIGEST

ACR 48, as introduced, Battin. State Air Resources Board: reformulated gasoline: price.

This measure would urge the State Air Resources Board to exercise its emergency power to allow the sale in California of nonreformulated gasoline and, in conjunction with the State Energy Conservation and Development Commission, to review the costs and benefits of requiring Californians to use the unique formulated fuel required only in this state.

Fiscal committee: yes.

1 WHEREAS, The livelihood of every Californian is
2 affected by the use of gasoline and motor vehicle fuel for
3 transportation; and

1 WHEREAS, During the last few months, the cost of
2 gasoline in this state has reached its highest price in
3 history; and

4 WHEREAS, The recent price increases experienced in
5 California have averaged 43¢ per gallon, more than three
6 times the average national price increase of 14¢ per
7 gallon; and

8 WHEREAS, The State Air Resources Board requires
9 refiners to make, and motorists to use, gasoline in this
10 state that is formulated different from that which is
11 refined and sold in the other 49 states; and

12 WHEREAS, Regulations adopted by the state board
13 have reduced competition in the market by limiting the
14 amount of gasoline that is available for sale in California;
15 and

16 WHEREAS, The closure of 20 refineries in California
17 since 1982, and the reduction of refining capacity
18 resulting from those closures, has reduced competition in
19 the marketplace and restricted California gasoline
20 supplies; and

21 WHEREAS, State regulation requiring a unique,
22 California-only gasoline required a multibillion dollar
23 investment by refiners that hastened the decline in the
24 number of refiners and the refining capacity for gasoline;
25 and

26 WHEREAS, Other state and federal regulations
27 regarding fuel storage tanks have recently forced many
28 small, independent gasoline stations to close in California,
29 further reducing competition among distributors of
30 gasoline; and

31 WHEREAS, The production cost of California's
32 reformulated gasoline was estimated by state board
33 regulators to be 5¢ to 15¢ per gallon more expensive than
34 fuel produced for sale in the rest of the United States; and

35 WHEREAS, The state board's decision to require the
36 use of unique fuel in this state leaves California's economy
37 more vulnerable to sudden price increases when
38 accidents or disruptions reduce the supply of fuel; and

39 WHEREAS, The laws and regulations governing the
40 implementation of reformulated gasoline, including

1 Section 43013.2 of the Health and Safety Code and Section
2 2271 of Title 13 of the California Code of Regulations,
3 authorize the issuance of variances or waivers so that
4 gasoline producers may produce noncomplying gasoline
5 when necessary for reasons beyond their reasonable
6 control; and

7 WHEREAS, One of the findings necessary to grant a
8 waiver from the mandate to produce reformulated
9 gasoline is that the waiver is necessary to avoid
10 “extraordinary economic hardship”; and

11 WHEREAS, The laws governing adoption and
12 implementation of reformulated gasoline regulation
13 explicitly provide that those regulations are to be
14 “cost-effective,” that those regulations should consider
15 the impact of any standards “on the economy of the
16 state,” and that evaluation of the program shall consider
17 the cost to consumers in consultation with fuel users; and

18 WHEREAS, Section 43018 of the Health and Safety
19 Code, a part of the California Clean Air Act of 1988,
20 authorized the state board to “adopt standards and
21 regulations which will result in the most cost-effective
22 combination of control measures ...”; and

23 WHEREAS, The persons most adversely affected by
24 these predictable consequences of government policy are
25 the working poor and middle-class Californians, who are
26 disproportionately impacted by any increase in fuel
27 prices; and

28 WHEREAS, The high price of gasoline in California
29 constitutes a regressive hardship to those persons who are
30 least able to afford it; and

31 WHEREAS, House Resolution 1395 was introduced in
32 the United States Congress on April 13, 1999, by California
33 Representative Duncan Hunter with strong support from
34 the California Congressional delegation which
35 recognized that, “the Federal and State and local
36 governments have a shared responsibility in reducing the
37 increased fuel costs associated with California,” and states
38 that the laws and regulations that require reformulated
39 gasoline and oxygenated fuel in California need to be

1 suspended because of the reasons enumerated therein;
2 now, therefore, be it

3 *Resolved by the Assembly of the State of California, the*
4 *Senate thereof concurring,* That the California Air
5 Resources Board is urged to bring price relief to the
6 people of California by exercising its emergency powers
7 and allowing the immediate sale in California of gasoline
8 approved for use in other states for a period not to exceed
9 120 days; and be it further

10 *Resolved,* That the State Air Resources Board, in
11 conjunction with the State Energy Resources
12 Conservation and Development Commission, is
13 requested to immediately review the costs and benefits
14 of continuing to require Californians to use a unique fuel
15 that is required only in California and determine the
16 consequences of that policy for long-term supply and
17 price; and be it further

18 *Resolved,* That the Chief Clerk of the Assembly
19 transmit a copy of this resolution to the chairperson of the
20 State Air Resources Board.

